

AMENDED IN SENATE JUNE 3, 2015

AMENDED IN SENATE MAY 6, 2015

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 643

Introduced by Senator McGuire

February 27, 2015

An act to amend Section 2220.05 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Part 5 (commencing with Section 18100) to Division 7 of, the Business and Professions Code, to add Section 23028 to the Government Code, and to amend Section 11362.775 of, and to add Article 8 (commencing with Section 111658) to Chapter 6 of Part 5 of Division 104 of, the Health and Safety Code, relating to medical ~~marijuana, and making an appropriation therefor.~~ *marijuana*.

LEGISLATIVE COUNSEL'S DIGEST

SB 643, as amended, McGuire. Medical marijuana.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use. Existing law provides for the licensure of various professions by the Department of Consumer Affairs. Existing law, the Sherman Food, Drug, and Cosmetic Law,

provides for the regulation of food, drugs, devices, and cosmetics, as specified. A violation of that law is a crime.

This bill would establish within the ~~Department of Consumer Affairs~~ *a Bureau Business, Consumer Services, and Housing Agency the Office* of Medical Marijuana Regulation, under the supervision and control of the Chief of the ~~Bureau~~ *Office* of Medical Marijuana Regulation, and, *beginning no later than July 1, 2018*, would require the ~~bureau~~ *office* to license and regulate dispensing facilities, cultivation sites, transporters, and manufacturers of medical marijuana and medical marijuana products, subject to local ordinances. The bill would require a background check of applicants for licensure, as defined, to be administered by the Department of Justice, and submission of a statement signed by an applicant, under penalty of perjury, that the information on his or her application is true, thereby creating a crime and imposing a state-mandated local program. Violation of the provisions related to applying for a conditional license would be punishable by a civil fine of up to \$35,000 for each individual violation, or as otherwise specified.

The bill would make conditional licenses subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate. The bill would authorize a facility or entity that is operating in conformance with local zoning ordinances and other state and local requirements on January 1, 2016, to continue its operations until its application for conditional licensure is approved or denied. The bill would set forth provisions related to the transportation, testing, and distribution of medical marijuana. The bill would prohibit the distribution of any form of advertising for physician recommendations for medical marijuana, unless the advertisement bears a specified notice and requires that the advertisement meet specified requirements and not be fraudulent, deceitful, or misleading.

The bill would establish the Medical Marijuana Regulation Fund and would require the deposit of specified fees collected pursuant to this act into the fund. The bill would ~~continuously appropriate~~ *make* moneys from the fund *available upon appropriation to the bureau office* for the purposes of administering this act, ~~thereby making an appropriation.~~ *act.* The bill would also establish the Special Account for Environmental Enforcement within the Medical Marijuana Fund. This account would contain money from fees assessed against licensed cultivation sites and would be ~~continuously appropriated~~ *available upon appropriation* for the enforcement of environmental regulations relating to licensed

cultivation sites. The bill would require the deposit of penalty moneys collected pursuant to this bill into the General Fund.

~~The bill would ban cultivation sites in areas zoned residential and would require, among other things, that all marijuana grown, produced, distributed, and sold in the state meet the certified organic standards by January 1, 2022, and that the bureau establish “appellations of origin” for marijuana grown in the state.~~

The bill would provide that it shall not supersede provisions of Measure D, as approved by the voters of the City of Los Angeles, or other similar measures, as specified.

~~The bill would establish enforcement procedures and would authorize a city, county, or city and county to administer and enforce these provisions. The bill would require the bureau to establish quality assurance protocols by January 1, 2018, to ensure uniform testing standards of medical marijuana, and would require licensees to comply with these provisions. The bill, by July 1, 2017, would require the office to report to the Legislature on the feasibility of developing a program to certify laboratories for the testing of medical marijuana and related products and the feasibility of developing a labeling requirement for edible marijuana products, as specified.~~ The bill would further set forth provisions regulating edible medical marijuana products, as specified. By adding these provisions to the Sherman Food, Drug, and Cosmetic Law, a violation of which is a crime, the bill would impose a state-mandated local program.

(2) Existing law, the Medical Practice Act, provides for the licensure and regulation of physicians and surgeons by the Medical Board of California. Existing law requires the board to prioritize investigations and prosecutions of physicians and surgeons representing the greatest threat of harm, as specified. Existing law identifies the cases that are to be given priority, which include cases of repeated acts of excessively prescribing, furnishing, or administering controlled substances without a good faith prior examination of the patient. Existing law provides that a violation of the Medical Practice Act is a crime.

This bill would require the board to consult with the Center for Medicinal Cannabis Research on developing and adopting medical guidelines for the appropriate administration and use of marijuana.

The bill would also make it a misdemeanor for a physician and surgeon who recommends marijuana to a patient for a medical purpose to accept, solicit, or offer any remuneration from or to a licensed dispensing facility in which the physician and surgeon or his or her

immediate family has a financial interest. By creating a new crime, the bill would impose a state-mandated local program.

The bill would provide that specified acts of recommending marijuana for medical purposes without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the board, as described above. The bill would further prohibit a physician and surgeon from recommending medical marijuana to a patient unless that person is the patient's attending physician, as defined. Because a violation of that provision would be a crime, the bill would impose a state-mandated local program.

(3) Existing law authorizes the legislative body of a city or county to impose various taxes, including a transactions and use tax at a rate of 0.25%, or a multiple thereof, if approved by the required vote of the legislative body and the required vote of qualified voters, and limits the combined rate of transactions and use taxes within a city or county to 2%.

This bill would authorize a city, county, or city and county, by ordinance, to impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing marijuana by an entity issued a conditional license. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.

(4) Existing law exempts qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards from certain crimes, including possession of concentrated cannabis and marijuana, cultivation of marijuana, and possession of marijuana for sale.

This bill, *after July 1, 2017*, would also exempt from those crimes an employee, officer, or board member of a licensed cultivation site or a licensed dispensing facility, except as specified.

(5) Existing law imposes sales and use taxes, as specified, to be collected by the State Board of Equalization.

This bill would require the State Board of Equalization, on or before July 1, 2016, to compile a report that includes the actual tax collected on the sale of medical marijuana, using the most current data available, and the expected tax revenues, under the existing tax structure, for the years 2016 to 2021, inclusive, and to submit that report to the Legislature and Governor's Office.

(6) This bill would provide that its provisions are severable.

(7) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known, and may be cited, as the
2 Medical Marijuana Public Safety and Environmental Protection
3 Act.

4 SEC. 2. The Legislature finds and declares all of the following:

5 (a) In 1996, the people of the State of California enacted the
6 Compassionate Use Act of 1996, codified in Section 11362.5 of
7 the Health and Safety Code. The people of the State of California
8 declared that their purpose in enacting the measure was, among
9 other things, “to ensure that seriously ill Californians have the
10 right to obtain and use marijuana for medical purposes where that
11 medical use is deemed appropriate and has been recommended by
12 a physician who has determined that the person’s health would
13 benefit from the use of marijuana in the treatment of cancer,
14 anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis,
15 migraine, or any other illness for which marijuana provides relief.”

16 (b) The Compassionate Use Act of 1996 called on state
17 government to implement a plan for the safe and affordable
18 distribution of marijuana to all patients in medical need of
19 marijuana, while ensuring that nothing in that act would be
20 construed to condone the diversion of marijuana for nonmedical
21 purposes.

22 (c) In 2003, the Legislature enacted the Medical Marijuana
23 Program Act (MMPA), codified in Article 2.5 (commencing with

1 Section 11362.7) of Chapter 6 of Division 10 of the Health and
2 Safety Code.

3 (d) Greater certainty and minimum statewide standards are
4 urgently needed regarding the obligations of medical marijuana
5 facilities, and for the imposition and enforcement of regulations
6 to prevent unlawful cultivation and the diversion of marijuana to
7 nonmedical use.

8 (e) Despite the passage of the Compassionate Use Act of 1996
9 and the MMPA, because of the lack of an effective statewide
10 system for regulating and controlling medical marijuana, cities,
11 counties, and local law enforcement officials have been confronted
12 with uncertainty about the legality of some medical marijuana
13 cultivation and distribution activities. The current state of affairs
14 makes law enforcement difficult and endangers patient safety
15 because of an inability to monitor the supply of medical marijuana
16 in the state and the lack of quality control, testing, and labeling
17 requirements.

18 (f) The California Constitution grants cities and counties the
19 authority to make and enforce, within their borders, “all local
20 police, sanitary, and other ordinances and regulations not in conflict
21 with the general laws.” This inherent local police power includes
22 broad authority to determine, for purposes of public health, safety,
23 and welfare, the appropriate uses of land within the local
24 jurisdiction’s borders. The police power, therefore, allows each
25 city and county to determine whether or not a medical marijuana
26 dispensary or other facility that makes medical marijuana available
27 may operate within its borders. This authority has been upheld by
28 *City of Riverside v. Inland Empire Patients Health and Wellness*
29 *Center, Inc.* (2013) 56 Cal.4th 729 and *County of Los Angeles v.*
30 *Hill* (2011) 192 Cal.App.4th 861. Nothing in this act shall diminish,
31 erode, or modify that authority.

32 (g) If a city or county determines that a dispensary or other
33 facility that makes medical marijuana available may operate within
34 its borders, then there is a need for the state *and local governments*
35 to license these dispensaries and other facilities for the purpose of
36 adopting and enforcing protocols for security standards at
37 dispensaries and in the transportation of medical marijuana, as
38 well as health and safety standards to ensure patient safety. This
39 licensing requirement is not intended in any way nor shall it be
40 construed to preempt local ordinances, regulations, or enforcement

1 actions regarding the sale and use of medical marijuana, including,
2 but not limited to, security, signage, lighting, and inspections.

3 (h) Greater oversight, uniformity, and enforcement are urgently
4 needed regarding the obligations and rights of medical marijuana
5 cultivators, transporters, and distribution facilities.

6 (i) Marijuana has widely accepted medical applications that
7 make it inappropriate to be classified as a Schedule I controlled
8 substance in the State of California.

9 (j) For the protection of Californians, the state must act to
10 regulate and control *commercial* medical marijuana and not
11 preempt local government ordinances. ~~Cities and counties~~ *Counties*
12 should be allowed to impose local taxes and enact zoning
13 regulations and other restrictions applicable to the cultivation,
14 transportation, and distribution of medical marijuana based on
15 local needs.

16 (k) For the protection of California's environment and its natural
17 resources, all efforts must be made to prevent and mitigate the
18 harmful environmental impacts that can be associated with some
19 marijuana cultivation.

20 *(l) Illegal trespass grows on private and public property pose*
21 *a threat to public safety and the environment.*

22 ~~(t)~~

23 (m) The North Coast Regional Water Quality Control Board is
24 currently in the process of promulgating regulations that would
25 create a 3-tiered system for cultivator wastewater discharge permits.
26 A similar permitting system would assist the state in controlling
27 damaging wastewater runoff from cultivation sites, while
28 minimizing the burden on smaller cultivators.

29 ~~(m)~~

30 (n) Nothing in this act shall have a diminishing effect on the
31 rights and protections granted to a patient or primary caregiver
32 pursuant to the Compassionate Use Act of 1996.

33 ~~(n)~~

34 (o) Nothing in this act shall be construed to promote or facilitate
35 the nonmedical, recreational possession, sale, or use of marijuana.

36 SEC. 3. Section 2220.05 of the Business and Professions Code
37 is amended to read:

38 2220.05. (a) In order to ensure that its resources are maximized
39 for the protection of the public, the Medical Board of California
40 shall prioritize its investigative and prosecutorial resources to

1 ensure that physicians and surgeons representing the greatest threat
2 of harm are identified and disciplined expeditiously. Cases
3 involving any of the following allegations shall be handled on a
4 priority basis, as follows, with the highest priority being given to
5 cases in the first paragraph:

6 (1) Gross negligence, incompetence, or repeated negligent acts
7 that involve death or serious bodily injury to one or more patients,
8 such that the physician and surgeon represents a danger to the
9 public.

10 (2) Drug or alcohol abuse by a physician and surgeon involving
11 death or serious bodily injury to a patient.

12 (3) Repeated acts of clearly excessive prescribing, furnishing,
13 or administering of controlled substances, or repeated acts of
14 prescribing, dispensing, or furnishing of controlled substances, or
15 recommending marijuana to patients for medical purposes, without
16 a good faith prior examination of the patient and medical reason
17 therefor. However, in no event shall a physician and surgeon
18 prescribing, furnishing, or administering controlled substances for
19 intractable pain consistent with lawful prescribing, including, but
20 not limited to, Sections 725, 2241.5, and 2241.6 of this code and
21 Sections 11159.2 and 124961 of the Health and Safety Code, be
22 prosecuted for excessive prescribing and prompt review of the
23 applicability of these provisions shall be made in any complaint
24 that may implicate these provisions.

25 (4) Sexual misconduct with one or more patients during a course
26 of treatment or an examination.

27 (5) Practicing medicine while under the influence of drugs or
28 alcohol.

29 (b) The board may by regulation prioritize cases involving an
30 allegation of conduct that is not described in subdivision (a). Those
31 cases prioritized by regulation shall not be assigned a priority equal
32 to or higher than the priorities established in subdivision (a).

33 (c) The Medical Board of California shall indicate in its annual
34 report mandated by Section 2312 the number of temporary
35 restraining orders, interim suspension orders, and disciplinary
36 actions that are taken in each priority category specified in
37 subdivisions (a) and (b).

38 SEC. 4. Article 25 (commencing with Section 2525) is added
39 to Chapter 5 of Division 2 of the Business and Professions Code,
40 to read:

Article 25. Recommending Medical Marijuana

2525. (a) It is unlawful for a physician and surgeon who recommends marijuana to a patient for a medical purpose to accept, solicit, or offer any form of remuneration from or to a facility issued a conditional license pursuant to Part 5 (commencing with Section 18100) of Division 7, if the physician and surgeon or his or her immediate family have a financial interest in that facility.

(b) For the purposes of this section, “financial interest” shall have the same meaning as in Section 650.01.

(c) A violation of this section shall be a misdemeanor.

2525.1. The Medical Board of California shall consult with the California Marijuana Research Program, known as the Center for Medicinal Cannabis Research, authorized pursuant to Section 11362.9 of the Health and Safety Code, on developing and adopting medical guidelines for the appropriate administration and use of medical marijuana.

2525.2. A physician and surgeon shall not recommend medical marijuana to a patient, unless that person is the patient’s attending physician, as defined by subdivision (a) of Section 11362.7 of the Health and Safety Code.

SEC. 5. Part 5 (commencing with Section 18100) is added to Division 7 of the Business and Professions Code, to read:

PART 5. MEDICAL MARIJUANA

CHAPTER 1. GENERAL PROVISIONS

18100. For purposes of this part, the following definitions shall apply:

~~(a) “Bureau” means the Bureau of Medical Marijuana Regulation in the Department of Consumer Affairs.~~

~~(b) “Certified testing laboratory” means a laboratory that is certified by the bureau to perform random sample testing of medical marijuana pursuant to the certification standards for these facilities promulgated by the bureau.~~

~~(c)~~

~~(a) “Chief” means the Chief of the Bureau Office of Medical Marijuana Regulation.~~

~~(d) “Department” means the Department of Consumer Affairs.~~

1 ~~(e) “Director” means the Director of Consumer Affairs.~~

2 ~~(f)~~

3 (b) “Dispensary” means a distribution operation that provides
4 medical marijuana or medical marijuana derived products to
5 patients and caregivers.

6 ~~(g)~~

7 (c) “Fund” means the Medical Marijuana Regulation Fund
8 established pursuant to Section 18118.

9 ~~(h)~~

10 (d) “Licensed cultivation site” means a facility that plants,
11 grows, cultivates, harvests, dries, or processes medical marijuana
12 and that is issued a conditional license pursuant to this part.

13 ~~(i)~~

14 (e) “Licensed dispensing facility” means a dispensary or other
15 facility that provides medical marijuana, medical marijuana
16 products, or devices for the use of medical marijuana or medical
17 marijuana products that is issued a conditional license pursuant to
18 this part.

19 ~~(j)~~

20 (f) “Licensed manufacturer” means a person who extracts,
21 prepares, derives, produces, compounds, or repackages medical
22 marijuana or medical marijuana products into consumable and
23 nonconsumable forms and that is issued a conditional license
24 pursuant to this part.

25 ~~(k)~~

26 (g) “Licensed transporter” means an individual or entity issued
27 a conditional license by the ~~bureau~~ office to transport medical
28 marijuana to and from facilities that have been issued conditional
29 licenses pursuant to this part *or medical marijuana products above*
30 *a quantity limit established by the office.*

31 ~~(l)~~

32 (h) “Marijuana” means all parts of the plant *Cannabis sativa*,
33 *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not;
34 the seeds thereof; the resin, whether crude or purified, extracted
35 from any part of the plant; and every compound, manufacture, salt,
36 derivative, mixture, or preparation of the plant, its seeds, or resin.
37 “Marijuana” does not include the mature stalks of the plant, fiber
38 produced from the stalks, oil or cake made from the seeds of the
39 plant, any other compound, manufacture, salt, derivative, mixture,
40 or preparation of the mature stalks (except the resin extracted

therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. “Marijuana” also means marijuana, as defined by Section 11018 of the Health and Safety Code.

(m) ~~“Trespass grows” means illicit marijuana cultivation on public or private land without the explicit permission of the landowner.~~

(i) *“Office” means the Office of Medical Marijuana Regulation in the Business, Consumer Affairs, and Housing Agency.*

18101. (a) There is hereby created in the ~~Department of Consumer Affairs the Bureau~~ *Business, Consumer Affairs, and Housing Agency the Office of Medical Marijuana Regulation*, under the supervision and control of the Chief of the ~~Bureau~~ *Office of Medical Marijuana Regulation*.

(b) Protection of the public shall be the highest priority for the ~~bureau office~~ in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

(c) The ~~bureau office~~ shall have the authority to issue, suspend, or revoke conditional licenses for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana within the state and to collect fees in connection with these actions. The ~~bureau office~~ shall have the authority to create, issue, suspend, or revoke other licenses in order to protect patient health and the public and to facilitate the regulation of medical marijuana.

(d) (1) The Governor shall appoint the chief at a salary to be fixed and determined by the ~~director~~ *secretary* with the approval of the Director of Finance. The chief shall serve in accordance with the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

(2) *Appointment of the chief shall be subject to confirmation by the Senate Committee on Rules.*

(e) The duty of enforcing and administering this part shall be vested in the ~~chief, who is responsible to the director.~~ *chief*. The chief may adopt and enforce those rules and regulations that he or she determines are reasonably necessary to carry out the purposes of this part and declaring the policy of the ~~bureau, office~~, including a system for the issuance of citations for violations of this part, as specified in Section 18127.

(f) The chief, as necessary to carry out the provisions of this part, and in accordance with the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code), may appoint and fix the compensation of personnel, including, but not limited to, clerical, inspection, investigation, and auditing personnel, as well as an assistant chief. These personnel shall perform their respective duties under the supervision and the direction of the chief.

(g) Every power granted to, or duty imposed upon, the chief under this part may be exercised or performed in the name of the chief by a deputy or assistant chief, subject to conditions and limitations that the chief prescribes.

(h) The ~~bureau~~ office shall exercise its authority pursuant to this part consistent with Section 1 of the act that added this section and consistent with the provisions of this part.

18102. Funds for the establishment and support of the ~~bureau~~ office shall be advanced as a loan ~~by the department from the General Fund~~ and shall be repaid by the initial proceeds from fees collected pursuant to this part or any rule or regulation adopted pursuant to this part.

18103. The ~~bureau~~ office shall have the authority necessary for the implementation of this part, including, but not limited to, all of the following:

(a) Establishing rules or regulations necessary to carry out the purposes and intent of this part and to enable the ~~bureau~~ office to exercise the powers and perform the duties conferred upon it by this part and in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. *These rules and regulations shall not limit any authority of a city, county, or city and county provided by law.* For the performance of its duties, the ~~bureau~~ office has the powers as set forth in Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government Code.

(b) Issuing conditional licenses to persons for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana within the state.

(c) Setting application, licensing, and renewal fees for conditional licenses issued pursuant to Section 18117.

1 (d) Establishing standards for the cultivation, manufacturing,
2 transportation, storage, distribution, provision, donation, and sale
3 of medical marijuana and medical marijuana products.

4 (e) Establishing procedures for the issuance, renewal,
5 suspension, denial, and revocation of conditional licenses.

6 *(f) Enforcing the licensing and regulatory requirement of this*
7 *part, subject to the requirements of Section 18126.*

8 ~~(f)~~

9 (g) Imposing a penalty authorized by this part or any rule or
10 regulation adopted pursuant to this part.

11 ~~(g)~~

12 (h) Taking action with respect to an application for a conditional
13 license in accordance with procedures established pursuant to this
14 part.

15 ~~(h)~~

16 (i) Overseeing the operation of the Medical Marijuana
17 Regulation Fund and the Special Account for Environmental
18 Enforcement, established pursuant to Section 18118.

19 ~~(i)~~

20 (j) Consulting with other state or local agencies, departments,
21 representatives of the medical marijuana community, or public or
22 private entities for the purposes of establishing statewide standards
23 and regulations.

24 ~~(j) Certifying laboratories to perform testing of medical~~
25 ~~marijuana.~~

26 18104. (a) On or before January 1, 2018, the ~~bureau~~ *office*
27 shall promulgate regulations for implementation and enforcement
28 of this part, including, but not limited to, all of the following:

29 (1) Procedures for the issuance, renewal, suspension, denial,
30 and revocation of conditional licenses.

31 (2) Procedures for appeal of fines and the appeal of denial,
32 suspension, or revocation of conditional licenses.

33 (3) Application, licensing, and renewal forms and fees.

34 (4) A time period in which the ~~bureau~~ *office* shall approve or
35 deny an application for a conditional license pursuant to this part.

36 (5) Qualifications for licensees.

37 ~~(6) Standards for certification of testing laboratories to perform~~
38 ~~random sample testing of all medical marijuana products, including~~
39 ~~standards for onsite testing.~~

1 ~~(A) Certification of testing laboratories shall be consistent with~~
2 ~~general requirements for the competence of testing and calibration~~
3 ~~activities, including sampling, using standard methods established~~
4 ~~by the International Organization for Standardization, specifically~~
5 ~~ISO/IEC 17025.~~

6 ~~(B) These requirements shall apply to all entities, including~~
7 ~~third-party laboratories, engaged in the testing of medical marijuana~~
8 ~~pursuant to this part.~~

9 ~~(7) Requirements to ensure conformance with standards~~
10 ~~analogous to state statutory environmental, agricultural, consumer~~
11 ~~protection, and food and product safety requirements. At a~~
12 ~~minimum, these standards shall do all of the following:~~

13 ~~(A) Prescribe sanitation standards analogous to the California~~
14 ~~Retail Food Code (Part 7 (commencing with Section 113700) of~~
15 ~~Division 104 of the Health and Safety Code) for food preparation,~~
16 ~~storage, handling, and sale of edible medical marijuana products.~~

17 ~~(B) Require that edible medical marijuana products produced,~~
18 ~~distributed, provided, donated, or sold by licensees shall be limited~~
19 ~~to nonpotentially hazardous food, as established by the State~~
20 ~~Department of Public Health pursuant to Section 114365.5.~~

21 ~~(C) Require that facilities in which edible medical marijuana~~
22 ~~products are prepared shall be constructed in accordance with~~
23 ~~applicable building standards, health and safety standards, and~~
24 ~~other state laws.~~

25 ~~(D) Provide that weighing or measuring devices used in~~
26 ~~connection with the sale or distribution of medical marijuana are~~
27 ~~required to meet standards analogous to Division 5 (commencing~~
28 ~~with Section 12001).~~

29 ~~(E) Require that the application of pesticides or other pest~~
30 ~~control in connection with the indoor or outdoor cultivation of~~
31 ~~medical marijuana shall meet standards analogous to Division 6~~
32 ~~(commencing with Section 11401) of the Food and Agricultural~~
33 ~~Code and its implementing regulations.~~

34 ~~(b) On or before July 1, 2017, the bureau shall also promulgate~~
35 ~~regulations for minimum statewide health and safety standards~~
36 ~~and quality assurance standards associated with the cultivation,~~
37 ~~transport, storage, manufacture, and sale of all medical marijuana~~
38 ~~produced in this state. Consistent with Section 18126, local~~
39 ~~agencies shall have primary responsibility for enforcement of these~~
40 ~~standards in accordance with bureau regulations.~~

1 (e)

2 (b) ~~The bureau, office~~, in consultation with the Division of Labor
3 Standards Enforcement, shall adopt regulations establishing worker
4 safety standards for entities licensed pursuant to this part.

5 ~~(d) The bureau, in consultation with the State Water Resources~~
6 ~~Control Board, shall adopt regulations to ensure that commercial~~
7 ~~medical marijuana activity licensed pursuant to this part does not~~
8 ~~threaten the state's environment and watersheds and is otherwise~~
9 ~~in conformance with the California Environmental Quality Act.~~

10 (e)

11 (c) ~~The bureau office~~ shall not issue a conditional license unless
12 the applicant has met all of the requirements of this part, including
13 the requirements of subdivision (d) of Section 18110, *and has*
14 *demonstrated compliance with all applicable agricultural*
15 *requirements, consumer protection requirements, food and product*
16 *safety requirements, and environmental requirements, including,*
17 *but not limited to, applicable water quality standards.*

18 18105. (a) The chief shall keep a complete record of all
19 facilities issued a conditional license. ~~This~~

20 (b) ~~This~~ record shall be made available on the ~~bureau's office's~~
21 Internet Web site.

22 (c) *The office shall not disclose information that the office*
23 *determines is sensitive and should not be publicly disclosed,*
24 *including, but not limited to, the address or location of cultivation*
25 *sites.*

26 (d) *Upon request, the office shall provide summary information*
27 *on all licensed, including, but not limited to, the name of the*
28 *licensee, the date the license was issued, the status of the license,*
29 *and the licensee's mailing address.*

30 18106. ~~The bureau office~~ shall establish procedures to provide
31 state and local law enforcement, upon their request, with 24-hour
32 access to information to verify a conditional license, track
33 transportation manifests, and track the inventories of facilities
34 issued a conditional license.

35 18107. This part shall in no way supersede the provisions of
36 Measure D, approved by the voters of the City of Los Angeles on
37 the May 21, 2013, ballot for the city, or any similar measure in
38 other jurisdictions, which grants medical marijuana businesses and
39 dispensaries qualified immunity consistent with the terms of the
40 measure and local ordinances. Notwithstanding the provisions of

1 this part, marijuana businesses and dispensaries subject to the
2 provisions of Measure D or other similar qualified immunity shall
3 continue to be subject to the ordinances and regulations of the
4 relevant local jurisdiction.

5
6 CHAPTER 2. CONDITIONAL LICENSES
7

8 18108. The following persons are exempt from the requirement
9 of licensure under this part:

10 (a) A patient who cultivates, possesses, stores, manufactures,
11 or transports marijuana exclusively for his or her personal medical
12 use and who does not sell, distribute, donate, or provide marijuana
13 to any other person or entity.

14 (b) A primary caregiver who cultivates, possesses, stores,
15 manufactures, transports, or provides marijuana exclusively for
16 the personal medical purposes to no more than five specified
17 qualified patients for whom he or she is the primary caregiver
18 within the meaning of Section 11362.7 of the Health and Safety
19 Code and who does not receive remuneration for these activities,
20 except for compensation in full compliance with subdivision (c)
21 of Section 11362.765 of the Health and Safety Code. Nothing in
22 this section shall permit primary caregivers to organize themselves
23 as cooperatives or collectives of caregivers.

24 18109. (a) Except as provided in Section 11362.5 of, and
25 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of
26 Division 10 of, the Health and Safety Code, a person shall not sell
27 or provide medical marijuana to a patient or caregiver other than
28 at a licensed dispensing facility or through delivery from a licensed
29 dispensing facility.

30 (b) Except as provided in Section 11362.5 of, and Article 2.5
31 (commencing with Section 11362.7) of Chapter 6 of Division 10
32 of, the Health and Safety Code, a person shall not grow medical
33 marijuana other than at a licensed cultivation site.

34 (c) Except as provided in Section 11362.5 of, and Article 2.5
35 (commencing with Section 11362.7) of Chapter 6 of Division 10
36 of, the Health and Safety Code, a person shall not manufacture
37 medical marijuana or medical marijuana products other than a
38 licensed manufacturer.

1 (d) A person *other than a licensed transporter* shall not transport
2 medical marijuana from one facility issued a conditional license
3 ~~to another, other than a licensed transporter. another.~~

4 (e) A licensed manufacturer may obtain medical marijuana from
5 a licensed cultivator and may furnish medical marijuana products
6 to a licensed dispensary.

7 ~~(f) To meet the requirements of Article 8 (commencing with~~
8 ~~Section 111658) of Chapter 6 of Part 5 of Division 104 of the~~
9 ~~Health and Safety Code, medical marijuana and medical marijuana~~
10 ~~products shall be tested by a certified testing laboratory.~~

11 18110. (a) Beginning no later than July 1, 2018, the ~~bureau~~
12 ~~office~~ shall provide for and shall issue conditional licenses.
13 Conditional licenses shall be ~~issued~~ *required* for all activity
14 authorized under this chapter, including, but not limited to,
15 cultivation, processing, storage, transport, and dispensing of
16 medical marijuana.

17 (b) The issuance of a conditional license shall not, in and of
18 itself, authorize the recipient to begin business operations. The
19 conditional license shall certify, at a minimum, that the applicant
20 has paid the state conditional licensing fee, successfully passed a
21 criminal background check, and met the state residency
22 requirements.

23 ~~(c) In order to begin business operations pursuant to this chapter,~~
24 ~~an applicant shall, in addition to the conditional license, obtain a~~
25 ~~license or permit from the local jurisdiction in which he or she~~
26 ~~proposes to operate, following the requirements of the applicable~~
27 ~~local ordinances.~~

28 *(c) A conditionally licensed facility shall not commence activity*
29 *under the authority of a conditional license until the applicant has*
30 *also obtained a license or permit from the local jurisdiction in*
31 *which he or she proposes to operate, following the requirements*
32 *of local ordinances.*

33 (d) An applicant for a conditional license shall do all following:
34 (1) Pay the fee or fees required by this part for each license
35 being applied for.

36 (2) Register with the ~~bureau~~ *office* on forms prescribed by the
37 chief. The forms shall contain sufficient information to identify
38 the licensee, including all of the following:

39 (A) Name of the owner or owners of a proposed facility,
40 including all persons or entities having an ownership interest other

1 than a security interest, lien, or encumbrance on property that will
2 be used by the applicant.

3 (B) The name, address, and date of birth of each principal officer
4 and board member.

5 (C) The address and telephone number of the proposed facility.

6 (D) In the case of a cultivation site, the GPS coordinates of the
7 site.

8 (3) Describe, in writing, the scope of business of the proposed
9 facility.

10 (4) Provide evidence that the applicant and owner have been
11 legal full-time residents of the state for not less than 12 months.

12 (5) Provide detailed operating procedures, in writing, for the
13 proposed facility, which shall include, but not be limited to,
14 procedures for facility and operational security, prevention of
15 diversion, employee screening, storage of medical marijuana,
16 personnel policies, and recordkeeping procedures.

17 (6) Provide evidence that the applicant has received all required
18 environmental permits, including compliance with the California
19 Environmental Quality Act, and wastewater discharge permits.

20 (7) Provide the applicant's fingerprint images. For purposes of
21 this paragraph, "applicant" means the owner or owners of a
22 proposed facility, including all persons or entities having an
23 ownership interest other than a security interest, lien, or
24 encumbrance on property that will be used by the facility.

25 (A) The applicant shall electronically submit to the Department
26 of Justice fingerprint images and related information required by
27 the Department of Justice for the purpose of obtaining information
28 as to the existence and content of a record of state or federal
29 convictions and arrests, and information as to the existence and
30 content of a record of state or federal convictions and arrests for
31 which the Department of Justice establishes that the person is free
32 on bail, or on his or her own recognizance, pending trial or appeal.

33 (B) The Department of Justice shall provide a response to the
34 ~~bureau office~~ pursuant to paragraph (1) of subdivision (p) of Section
35 11105 of the Penal Code.

36 (C) The ~~bureau office~~ shall request from the Department of
37 Justice subsequent notification service, as provided pursuant to
38 Section 11105.2 of the Penal Code, for persons described in
39 subparagraph (A).

1 (D) The Department of Justice shall charge the applicant a fee
2 sufficient to cover the reasonable cost of processing the requests
3 described in this paragraph.

4 (8) Provide a statement, signed by the applicant under penalty
5 of perjury, that the information provided is true.

6 (9) Provide any other information required by the ~~bureau~~ office.

7 (e) Each location and each discrete use of a single location shall
8 require a conditional license. Each application for a conditional
9 license is separate and distinct, and the ~~bureau~~ office may charge
10 a separate fee for each.

11 (f) A conditional license issued pursuant to this section shall be
12 valid for 12 months after the date of issuance. After the initial
13 12-month period, a conditional license may be renewed for a period
14 of 36 months. The ~~bureau~~ office shall establish procedures for the
15 renewal of a conditional license.

16 (g) Notwithstanding any other law, the ~~bureau~~ office shall not
17 issue a conditional license to an individual or entity, or for a
18 premise, against whom there is a pending state or local
19 administrative or judicial proceeding, against whom there is an
20 action initiated by a city, county, or city and county under a local
21 ordinance, or who has been determined to have violated an
22 applicable local ordinance.

23 (h) A facility or entity that is operating in conformance with
24 local zoning ordinances and other state and local requirements on
25 January 1, 2016, may continue its operations until its application
26 for conditional licensure is approved or denied pursuant to this
27 part.

28 18111. (a) Upon receipt of the application materials and fee
29 required in Section 18110, the ~~bureau~~ office, provided the applicant
30 has not committed an act or crime constituting grounds for the
31 denial of licensure under Section 18112, may issue the conditional
32 license and send a proof of issuance to the applicant.

33 (b) The chief shall, by regulation, prescribe conditions upon
34 which a person whose conditional license has previously been
35 denied, suspended, or revoked, may be issued a conditional license.

36 18112. (a) An application for a conditional license shall be
37 denied and a conditional license shall be suspended or revoked for
38 a past felony conviction for the possession for sale, sale,
39 manufacture, transportation, or cultivation of a controlled
40 substance, a felony criminal conviction for drug trafficking, a

1 felony conviction for embezzlement, a felony conviction involving
2 fraud or deceit, or any violent or serious felony conviction pursuant
3 to subdivision (c) of Section 667.5 of, or subdivision (c) of Section
4 1192.7 of, the Penal Code. *A conditional license shall not be denied*
5 *solely on the basis of a prior conviction for a felony that was*
6 *committed after the enactment of the Compassionate Use Act, but*
7 *which would not be a felony after the enactment of the measure*
8 *that added this part.* The ~~bureau~~, office, at its discretion, may issue
9 a license to an applicant that would be otherwise denied pursuant
10 to this subdivision if the applicant has obtained a certificate of
11 rehabilitation, pursuant to Section 4852.13 of the Penal Code.

12 (b) The chief, upon his or her determination, may deny, suspend,
13 or revoke a conditional license when a conditional licensee,
14 applicant, or employee, partner, officer, or member of an entity
15 conditionally licensed does any of the following:

16 (1) Making or authorizing in any manner or by any means a
17 written or oral statement that is untrue or misleading and that is
18 known, or that by exercise of reasonable care should be known,
19 to be untrue or misleading.

20 (2) Any other conduct that constitutes fraud.

21 (3) Conduct constituting gross negligence.

22 (4) Failure to comply with the provisions of this part, Article 8
23 (commencing with Section 111658) of Chapter 6 of Part 5 of
24 Division 104 of the Health and Safety Code, or any rule or
25 regulation adopted pursuant to this part.

26 (5) Conduct that constitutes grounds for denial of licensure
27 pursuant to Chapter 2 (commencing with Section 480) of Division
28 1.5.

29 18113. (a) Upon denying, suspending, or revoking a
30 conditional license, the chief shall notify the applicant or licensee,
31 in writing, by personal service or mail addressed to the address of
32 the applicant or licensee set forth in the application. The applicant
33 or licensee shall be given a hearing within 30 days thereafter if he
34 or she files with the ~~bureau~~ office a written request for hearing.
35 Otherwise, the denial, suspension, or revocation is deemed
36 affirmed.

37 (b) All proceedings to deny, suspend, or revoke a conditional
38 license shall be conducted pursuant to Chapter 5 (commencing
39 with Section 11500) of Part 1 of Division 3 of Title 2 of the
40 Government Code.

1 18114. An application for or renewal of a conditional license
2 shall not be approved if the ~~bureau~~ office determines any of the
3 following:

4 (a) The applicant fails to meet the requirements of this part or
5 ~~any regulation adopted pursuant to this part or any~~ *has had an*
6 *applicable permit or license revoked or denied by an* applicable
7 city, county, or city and county ~~ordinance or regulation~~ agency.

8 If a local government adopts an ordinance or resolution authorizing
9 medical marijuana to be cultivated, manufactured, stored,
10 distributed, or sold within its jurisdiction, it shall submit to the
11 ~~bureau~~ office documentation detailing their renewal requirements.

12 (b) The applicant, or any of its officers, directors, owners,
13 members, or shareholders, is a minor.

14 (c) The applicant has knowingly answered a question or request
15 for information falsely on the application form or failed to provide
16 information requested.

17 (d) The applicant, or any of its officers, directors, owners,
18 members, or shareholders has been sanctioned by the ~~bureau~~ office,
19 a city, county, or city and county, for medical marijuana activities
20 conducted in violation of this part or any applicable local ordinance
21 or has had a license revoked in the previous five years.

22 (e) The proposed cultivation, processing, possession, storage,
23 manufacturing, testing, transporting, distribution, provision, or
24 sale of medical marijuana will violate any applicable local law or
25 ordinance.

26 (f) The applicant or the owner is unable to establish that he or
27 she has been a resident of the state for not less than 12 months.

28 18115. (a) In addition to the provisions of this part, a
29 conditional license shall be subject to the restrictions of the local
30 jurisdiction in which the facility operates or proposes to operate.
31 Even if a conditional license has been granted pursuant to this part,
32 a facility shall not operate in a local jurisdiction that prohibits the
33 establishment of that type of business.

34 (b) In addition to the provisions of this part, local jurisdictions
35 retain the power to assess fees and taxes, as applicable, on facilities
36 that are conditionally licensed pursuant to this part and the business
37 activities of those licensees.

38 18116. The ~~bureau~~ office may adopt regulations to limit the
39 number of conditional licenses issued pursuant to this part upon a

1 finding that the otherwise unrestricted issuance of conditional
2 licenses is dangerous to the public health and safety.

3
4 CHAPTER 3. FEES
5

6 18117. (a) The conditional licensing fee shall be established
7 by the ~~bureau~~ office at a level sufficient to fund the reasonable
8 costs of all of the following:

9 (1) Administrative costs incurred by the ~~bureau~~ office in
10 overseeing the conditional licensing program, establishing health
11 and safety standards, and certifying the required testing
12 laboratories.

13 (2) Costs incurred by the ~~bureau~~ office or the Department of
14 Justice for enforcement of the provisions of this part.

15 (3) Costs incurred by law enforcement and other public safety
16 entities for enforcing the provisions of this part in their jurisdiction.

17 (b) In addition to the conditional licensing fee required pursuant
18 to subdivision (a), a cultivation facility shall be assessed a fee in
19 a sufficient amount to cover the reasonable regulatory costs of
20 enforcing the environmental impact provisions relating to those
21 cultivation facilities. This fee shall be distributed, as necessary
22 and in proportion to its regulatory function, between the following
23 agencies responsible for enforcing the regulations relating to the
24 environmental impact of licensed cultivation sites:

25 (1) The State Water Resources Control Board.

26 (2) The Department of Fish and Wildlife.

27 (3) The Department of Forestry and Fire Protection.

28 (4) The Department of Pesticide Regulation.

29 (5) The Department of Food and Agriculture.

30 (6) Local law enforcement.

31 18118. (a) The Medical Marijuana Regulation Fund is hereby
32 established within the State Treasury. Notwithstanding Section
33 16305.7 of the Government Code, the fund shall include any
34 interest and dividends earned on the money in the fund.

35 (b) Except as provided in subdivision (c), all fees collected
36 pursuant to this part shall be deposited into the Medical Marijuana
37 Regulation Fund. ~~Notwithstanding Section 13340 of the~~
38 ~~Government Code, all~~ All moneys within the fund are hereby
39 ~~continuously appropriated, without regard to fiscal year, available,~~
40 *upon appropriation by the Legislature, to the ~~bureau~~ office solely*

1 for the purposes of fully funding and administering this part,
2 including, but not limited to, the costs incurred by the ~~bureau~~ *office*
3 for its administrative expenses.

4 (c) The Special Account for Environmental Enforcement is
5 hereby established as an account within the Medical Marijuana
6 Regulation Fund. Notwithstanding Section 16305.7 of the
7 Government Code, the account shall include any interest and
8 dividends earned on the money in the account. All fees collected
9 pursuant to subdivision (b) of Section 18117 shall be deposited in
10 this account. ~~Notwithstanding Section 13340 of the Government~~
11 ~~Code, all~~ *All* moneys within the fund are ~~hereby continuously~~
12 ~~appropriated, without regard to fiscal year, available, upon~~
13 ~~appropriation by the Legislature,~~ to the ~~bureau~~ *office* for
14 distribution to the entities listed in subdivision (b) of Section 18117
15 to be used to enforce the environmental regulation of licensed
16 cultivation sites.

17 (d) All moneys collected as a result of penalties imposed under
18 this part shall be deposited directly into the General Fund, to be
19 available upon appropriation.

20 (e) The ~~bureau~~ *office* may establish and administer a grant
21 program to allocate moneys from the Medical Marijuana
22 Regulation Fund to state and local entities for the purpose of
23 assisting with medical marijuana regulation and the enforcement
24 of this ~~part and other state and local laws applicable to licensees.~~
25 *part.*

26 18119. (a) A facility issued a conditional license shall not
27 acquire, cultivate, process, possess, store, manufacture, distribute,
28 sell, deliver, transfer, transport, or dispense medical marijuana for
29 any purpose other than those authorized by Article 2.5
30 (commencing with Section 11362.7) of Chapter 6 of Division 10
31 of the Health and Safety Code.

32 (b) A licensed dispensing facility shall not acquire, cultivate,
33 process, possess, store, manufacture, distribute, sell, deliver,
34 transfer, transport, or dispense medical marijuana plants or medical
35 marijuana products except through a licensed cultivation site or a
36 licensed manufacturer.

1 CHAPTER 4. TRANSPORTATION OF MEDICAL MARIJUANA

2
3 18120. (a) A licensed transporter shall ship only to facilities
4 issued a conditional license and only in response to a request for
5 a specific quantity and variety from those facilities.

6 (b) Prior to transporting medical marijuana products, a licensed
7 transporter shall do both of the following:

8 (1) Complete a shipping manifest using a form prescribed by
9 ~~the bureau~~ office.

10 (2) Securely transmit a copy of the manifest to the licensee that
11 will receive the medical marijuana product, and to the ~~bureau~~,
12 office, prior to transport.

13 (c) The licensed transporter making the shipment and the
14 licensee receiving the shipment shall maintain each shipping
15 manifest and make it available to local code enforcement officers,
16 any other locally designated enforcement entity, and the ~~bureau~~
17 office upon request.

18 18121. (a) Transported medical marijuana products shall:

19 (1) Be transported only in a locked, safe, and secure storage
20 compartment that is securely affixed to the interior of the
21 transporting vehicle.

22 (2) Not be visible from outside the vehicle.

23 (b) *A vehicle transporting medical marijuana shall not have*
24 *external markings or other indications that it is transporting*
25 *medical marijuana.*

26 ~~(b)~~

27 (c) A vehicle transporting medical marijuana products shall
28 travel directly from one licensed facility to another licensed facility
29 authorized to receive the shipment.

30 (d) *The provisions of this section only apply to a licensed*
31 *transporter.*

32 18122. (a) All transport vehicles *carrying medical marijuana*
33 *with a retail value greater than ten thousand dollars (\$10,000)*
34 shall be staffed with a minimum of two employees. At least one
35 transport team member shall remain with the vehicle at all times
36 when the vehicle contains medical marijuana.

37 (b) Each transport team member shall have access to a secure
38 form of communication by which each member can communicate
39 with personnel at the licensed facility at all times when the vehicle
40 contains medical marijuana.

1 (c) Each transport team member shall possess documentation
2 of licensing and a government-issued identification card at all
3 times when transporting or delivering medical marijuana and shall
4 produce it to any representative of the ~~bureau~~ office or law
5 enforcement upon request.

6 (d) This part shall not be construed to authorize or permit a
7 licensee to transport, or cause to be transported, medical marijuana
8 or medical marijuana products outside the state.

9 (e) *The requirements of this section shall only apply to a licensed*
10 *transporter.*

11 18123. A local jurisdiction shall not prevent transportation
12 through or to a facility issued a conditional license, by a
13 conditionally licensed transporter who acts in compliance with
14 this part.

15
16 CHAPTER 5. ENFORCEMENT
17

18 18124. A state agency is not required by this section to enforce
19 a city, county, city and county, or local law, ordinance, rule, or
20 regulation regarding the site or operation of a facility issued a
21 conditional license.

22 18125. The ~~bureau~~ office may assist state taxation authorities
23 in the development of uniform policies for the state taxation of
24 licensees.

25 ~~18126. (a) For facilities issued a conditional license that are~~
26 ~~located within the incorporated area of a city, the city shall have~~
27 ~~full power and authority to enforce this part and Article 8~~
28 ~~(commencing with Section 111658) of Chapter 6 of Part 5 of~~
29 ~~Division 104 of the Health and Safety Code and the rules,~~
30 ~~regulations, and standards promulgated by the bureau. The city~~
31 ~~shall further assume complete responsibility for any regulatory~~
32 ~~function relating to those licensees within the city limits that would~~
33 ~~otherwise be performed by the county or any county officer or~~
34 ~~employee, without liability, cost, or expense to the county.~~

35 ~~(b) For licensed facilities located within the unincorporated area~~
36 ~~of a county, the county shall have full power and authority to~~
37 ~~enforce this part and Article 8 (commencing with Section 111658)~~
38 ~~of Chapter 6 of Part 5 of Division 104 of the Health and Safety~~
39 ~~Code and the rules, regulations, and standards promulgated by the~~
40 ~~bureau.~~

1 18126. (a) *The office may enforce all of the requirements of*
2 *this part, including any regulations adopted pursuant to this part.*

3 (b) *The office shall delegate the authority to enforce the*
4 *requirements of this part, including any regulations, to a city,*
5 *county, or city and county, upon request of that entity.*

6 (c) *Nothing in this part shall be interpreted to supersede or limit*
7 *existing local authority for law enforcement activity, enforcement*
8 *of local zoning requirements, or enforcement of local licensing*
9 *requirements.*

10 (d) *Nothing in this part shall be interpreted to require the office*
11 *to undertake local law enforcement responsibilities, enforce local*
12 *zoning requirements, or enforce local licensing requirements.*

13 18127. (a) A willful violation of Section 18110, including an
14 attempt to falsify information on an application or to otherwise
15 defraud or mislead a state or local agency in the course of the
16 application process, shall be punishable by a civil fine of up to
17 thirty-five thousand dollars (\$35,000) for each individual violation.

18 (b) A technical violation of Section 18110 shall, at the ~~bureau's~~
19 *office's* discretion, be punishable by a civil fine of up to ten
20 thousand dollars (\$10,000) for each individual violation.

21 18128. A district attorney, county counsel, city attorney, or
22 city prosecutor may bring an action to enjoin a violation or the
23 threatened violation of any provision of this part, including, but
24 not limited to, a licensee's failure to correct objectionable
25 conditions following notice or as a result of a rule promulgated
26 pursuant to this part. The action shall be brought in the county in
27 which the violation occurred or is threatened to occur. A proceeding
28 brought pursuant to this part shall conform to the requirements of
29 Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of
30 the Code of Civil Procedure. Nothing in this section shall diminish
31 the authority of a local government to take requisite enforcement
32 actions pertaining to its own ordinances or regulations.

33 18129. Nothing in this part shall prevent a city or other local
34 governing body from taking action as specified in Section 11362.83
35 of the Health and Safety Code.

36 18130. This part shall not be construed to limit a law
37 enforcement agency's ability to investigate unlawful activity in
38 relation to a facility issued a conditional license.

39
40 CHAPTER 6. CULTIVATION SITES

1 18132. (a) The ~~bureau~~ *office* shall notify local law enforcement
2 of all conditional licenses issues for cultivation sites in that
3 jurisdiction.

4 (b) A licensed cultivation site shall display the state license in
5 a manner so as to be available and easily read at the location.

6 ~~(c) The bureau shall work with and assist state and local law~~
7 ~~enforcement to eliminate trespass grows in the state.~~

8 18133. (a) No later than January 1, 2022, all medical marijuana
9 grown, produced, distributed, and sold in the state shall meet the
10 certified organic standards.

11 (b) The ~~bureau~~ *office* shall establish appellations of origin for
12 marijuana grown in California.

13 18134. The ~~bureau~~ *office* shall work with county agricultural
14 commissioners, offices to provide all the information and forms
15 required for conditional licensure as a cultivation site in a single
16 location, including state licensure, local requirements in that
17 jurisdiction, and environmental requirements.

18
19 CHAPTER 7. REGULATION OF MEDICAL MARIJUANA
20

21 18136. (a) A person shall not distribute any form of advertising
22 for physician recommendations for medical marijuana in California
23 unless the advertisement bears the following notice to consumers:
24

25 NOTICE TO CONSUMERS: The Compassionate Use Act of
26 1996 ensures that seriously ill Californians have the right to obtain
27 and use marijuana for medical purposes where medical use is
28 deemed appropriate and has been recommended by a physician
29 who has determined that the person's health would benefit from
30 the use of medical marijuana. Physicians are licensed and regulated
31 by the Medical Board of California and arrive at the decision to
32 make this recommendation in accordance with accepted standards
33 of medical responsibility.
34

35 (b) Advertising for physician recommendations for medical
36 marijuana shall meet all requirements of Section 651. Price
37 advertising shall not be fraudulent, deceitful, or misleading,
38 including statements or advertisements of bait, discounts,
39 premiums, gifts, or statements of a similar nature.

1 18137. (a) A facility issued a conditional license shall
2 implement sufficient security measures to both deter and prevent
3 unauthorized entrance into areas containing marijuana and theft
4 of marijuana at those facilities. These security measures shall
5 include, but not be limited to, all of the following:

6 (1) Preventing individuals from remaining on the premises of
7 the facility if they are not engaging in activity expressly related to
8 the operations of the facility.

9 (2) Establishing limited access areas accessible only to
10 authorized facility personnel.

11 (3) Storing all finished marijuana in a secured and locked room,
12 safe, or vault, and in a manner as to prevent diversion, theft, and
13 loss, *except for limited amounts of marijuana used for display*
14 *purposes, samples, or immediate sale.*

15 (b) A facility issued a conditional license shall notify appropriate
16 law enforcement authorities within 24 hours after discovering any
17 of the following:

18 (1) ~~Discrepancies~~ *Significant discrepancies* identified during
19 inventory. *The level of significance shall be determined by the*
20 *office.*

21 (2) Diversion, theft, loss, or any criminal activity involving the
22 facility or a facility agent.

23 (3) The loss or unauthorized alteration of records related to
24 marijuana, registered qualifying patients, personal caregivers, or
25 facility agents.

26 (4) Any other breach of security.

27 (c) A licensed cultivation site shall weigh, inventory, and
28 account for on video, all medical marijuana to be transported prior
29 to its leaving its origination location. Within eight hours after
30 arrival at the destination, the licensed dispensing facility shall
31 reweigh, reinventory, and account for on video, all transported
32 marijuana.

33 ~~18138. (a) The bureau shall require an annual audit of all~~
34 ~~facilities issued a conditional license to cultivate, manufacture,~~
35 ~~process, transport, store, or sell medical marijuana. The reasonable~~
36 ~~costs of the audit shall be paid for by the licensee.~~

37 ~~(b) Completed audit reports shall also be submitted by the~~
38 ~~licensee to local code enforcement offices, or the appropriate~~
39 ~~locally designated enforcement entity, within 30 days of the~~
40 ~~completion of the audit.~~

1 (e) ~~It is the responsibility of each facility issued a conditional~~
2 ~~license to develop a robust quality assurance protocol that includes~~
3 ~~all of the provisions of this part.~~

4 ~~18139. (a) A laboratory certified by the bureau to perform~~
5 ~~random sample testing of medical marijuana products shall not~~
6 ~~acquire, process, possess, store, transfer, transport, or dispense~~
7 ~~medical marijuana for any purpose other than those authorized by~~
8 ~~Article 2.5 (commencing with Section 11362.7) of Chapter 6 of~~
9 ~~Division 10 of the Health and Safety Code. All transfer or~~
10 ~~transportation shall be performed pursuant to a specified chain of~~
11 ~~custody protocol.~~

12 ~~(b) A laboratory certified by the bureau to perform random~~
13 ~~sample testing of medical marijuana products shall not acquire,~~
14 ~~process, possess, store, transfer, transport, or dispense medical~~
15 ~~marijuana plants or medical marijuana products except through a~~
16 ~~patient, primary caregiver, or a facility issued a conditional license.~~
17 ~~All transfer or transportation shall be performed pursuant to a~~
18 ~~specified chain of custody protocol.~~

19 ~~18140. (a) Information identifying the names of patients, their~~
20 ~~medical conditions, or the names of their primary caregivers~~
21 ~~received and contained in records kept by the bureau office for the~~
22 ~~purposes of administering this part are confidential and exempt~~
23 ~~from the California Public Records Act (Chapter 3.5 (commencing~~
24 ~~with Section 6250) of Division 7 of Title 1 of the Government~~
25 ~~Code) and are not subject to disclosure to an individual or private~~
26 ~~entity, except as necessary for authorized employees of the state~~
27 ~~to perform official duties pursuant to this part.~~

28 ~~(b) (1) Nothing in this section shall preclude any of the~~
29 ~~following:~~

30 ~~(A) Bureau-Office employees notifying state or local agencies~~
31 ~~about information submitted to the bureau office that the employee~~
32 ~~suspects is falsified or fraudulent.~~

33 ~~(B) Notifications from the bureau office to state or local agencies~~
34 ~~of apparent violations of this part or an applicable local ordinance.~~

35 ~~(C) Verification of requests by state or local agencies to confirm~~
36 ~~licenses and certificates issued by the bureau office or other state~~
37 ~~agency.~~

38 ~~(D) Providing information requested pursuant to a court order~~
39 ~~or subpoena issued by a court, an administrative agency, or local~~
40 ~~governing body authorized by law to issue subpoenas.~~

(2) Information shall not be disclosed beyond what is necessary to achieve the goals of a specific investigation or notification or the parameters of a specific court order or subpoena.

18141. (a) The actions of a licensee, its employees, and its agents, that are permitted pursuant to a conditional license and that are conducted in accordance with the requirements of this part and regulations adopted pursuant to this part, are not unlawful under state law and shall not be an offense subject to arrest or prosecution.

(b) The actions of a person who, in good faith and upon investigation, allows his or her property to be used by a licensee, its employees, and its agents, as permitted pursuant to a conditional license, are not unlawful under state law and shall not be an offense subject to arrest or prosecution.

(c) This section shall not be deemed to limit the authority or remedies of a city, county, or city and county under any ~~provision~~ of law, including, without limitation, Section 7 of Article XI of the California Constitution.

18142. (a) A licensee shall not cultivate, process, store, manufacture, transport, or sell medical marijuana in the state unless accurate records are kept at the licensed premises of the growing, processing, storing, manufacturing, transporting, or selling by the licensee in the state. These records shall include the name and address of the supplier of marijuana received or possessed by the licensee, the location at which the marijuana was cultivated, the amount of marijuana received, the form in which it is received, the name of the employee receiving it, and the date of receipt. These records shall also include receipts for all expenditures incurred by the licensee and banking records, if any, for all funds obtained or expended in the performance of any activity under the authority of the conditional license. A licensee who has a conditional license for more than one premises may keep all records at one of the conditionally licensed premises. Required records shall be kept for a period of seven years from the date of the transaction.

~~(b) The bureau and an appropriate state or local agency office or a local agency delegated the authority to enforce the licensing requirements of this part~~ may examine the books and records of a conditional licensee and may visit and inspect the premises of a

1 conditional licensee, as the ~~bureau or state~~ *office* or local agency
2 deems necessary to perform its duties under this part.

3 (c) Books or records requested by the ~~bureau or an appropriate~~
4 ~~state or local agency office or a local agency delegated the~~
5 *authority to enforce licensing requirements of this part* shall be
6 provided by the conditional licensee no later than five business
7 days after the request is made.

8 (d) The ~~bureau or a state or local agency office or a local agency~~
9 *delegated the authority to enforce the licensing requirements of*
10 *this part* may enter and inspect the premises of a facility issued a
11 conditional license between the hours of 8 a.m. and 8 p.m. on any
12 day that the facility is open, or at any reasonable time, to ensure
13 compliance and enforcement of the provisions of this part or a
14 local ordinance.

15 (e) If a licensee or an employee of a licensee refuses, impedes,
16 obstructs, or interferes with an inspection pursuant to subdivision
17 (d), the conditional license may be summarily suspended and the
18 ~~bureau office~~ shall directly commence proceedings for the
19 revocation of the conditional license.

20 (f) If a licensee ~~or an employee of a licensee~~ fails to maintain
21 or provide the books and records required pursuant to this section,
22 the licensee shall be subject to a civil fine of fifteen thousand
23 dollars (\$15,000) per individual violation.

24 (g) *The office or a local agency delegated the authority to*
25 *enforce the licensing requirement of this part may, at its discretion,*
26 *require a licensee to contract for an independent audit of the*
27 *records required under this section. The licensee shall be liable*
28 *for all costs associated with such an audit.*

29 SEC. 6. Section 23028 is added to the Government Code, to
30 read:

31 23028. (a) (1) A city, county, or city and county, may impose
32 a tax on the privilege of cultivating, dispensing, producing,
33 processing, preparing, storing, providing, donating, selling, or
34 distributing marijuana by a licensee operating pursuant to Part 5
35 (commencing with Section 18100) of Division 7 of the Business
36 and Professions Code.

37 (2) The board of supervisors or city council shall specify in the
38 ordinance proposing the tax the activities subject to the tax, the
39 applicable rate or rates, the method of apportionment, if necessary,
40 and the manner of collection of the tax. The tax may be imposed

1 for general governmental purposes or for purposes specified in the
2 ordinance by the board of supervisors or city council.

3 (3) The tax authorized by this section may be imposed upon
4 any or all of the activities set forth in paragraph (1) specified in
5 the ordinance, regardless of whether the activity is undertaken
6 individually, collectively, or cooperatively, and regardless of
7 whether the activity is for compensation or gratuitously, as
8 determined by the board of supervisors or city council.

9 (b) A tax imposed pursuant to this section shall be subject to
10 applicable voter approval requirements imposed by law.

11 (c) For purposes of this section, “marijuana” has the same
12 meaning as the term “marijuana product” set forth in Section
13 111658 of the Health and Safety Code.

14 (d) This section does not limit or prohibit the levy or collection
15 or any other fee, charge, or tax, or a license or service fee or charge
16 upon, or related to, the activities set forth in subdivision (a) as
17 otherwise provided by law, including Section 37100.5. This section
18 shall not be construed as a limitation upon the taxing authority of
19 a city, county, or city and county as provided by law.

20 SEC. 7. Section 11362.775 of the Health and Safety Code is
21 amended to read:

22 11362.775. (a) Qualified patients, persons with valid
23 identification cards, and the designated primary caregivers of
24 qualified patients and persons with identification cards, who
25 cultivate marijuana for medical purposes, shall not solely on the
26 basis of that fact be subject to state criminal sanctions under
27 Section 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570.

28 (b) An individual employee, officer, or board member of a
29 facility issued a conditional license pursuant to Part 5 (commencing
30 with Section 18100) of Division 7 of the Business and Professions
31 Code shall not be subject to state criminal sanctions under Section
32 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570 and any
33 successor statutes, based solely on holding a conditional license,
34 for the possession, cultivation, processing, packaging, storage,
35 transportation, sale, or distribution of medical marijuana to a
36 facility holding a conditional license pursuant to Part 5
37 (commencing with Section 18100) of Division 7 of the Business
38 and Professions Code or directly to a qualified patient, a person
39 with a valid identification card, or the designated primary caregiver
40 of a qualified patient or person with a valid identification card,

1 within the state, unless the information contained on the licensing
2 paperwork is false or falsified, the license has been obtained by
3 means of fraud, or the person is otherwise in violation of Part 5
4 (commencing with Section 18100) of Division 7 of the Business
5 and Professions Code.

6 (c) This section shall not diminish the protections of Section
7 18141 of the Business and Professions Code.

8 SEC. 8. Article 8 (commencing with Section 111658) is added
9 to Chapter 6 of Part 5 of Division 104 of the Health and Safety
10 Code, to read:

11
12 Article 8. Medical Marijuana
13

14 111658. For purpose of this article, the following definitions
15 shall apply:

16 (a) ~~“Bureau” means the Bureau of Medical Marijuana~~
17 ~~Regulations in the Department of Consumer Affairs.~~

18 (b) ~~“Certified testing laboratory” means a laboratory that is~~
19 ~~certified by the bureau to perform random sample testing of~~
20 ~~medical marijuana for patients, primary caregivers, and facilities~~
21 ~~issued conditional licenses pursuant to Part 5 (commencing with~~
22 ~~Section 18100) of Division 7 of the Business and Professions Code,~~
23 ~~pursuant to the certification standards for those facilities~~
24 ~~promulgated by the bureau.~~

25 (c)
26 (a) “Edible medical marijuana product” means medical
27 marijuana or a medical marijuana-derived product that is ingested
28 or meant to be ingested through the mouth and into the digestive
29 system.

30 (b) *“Labor peace agreement” means an agreement between an*
31 *entity and a bona fide labor organization that, at a minimum,*
32 *protects the state’s proprietary interests by prohibiting labor*
33 *organizations and members from engaging in picketing, work*
34 *stoppages, boycotts, and any other economic interference with the*
35 *applicant’s business. This agreement means that the applicant has*
36 *agreed not to disrupt efforts by the bona fide labor organization*
37 *to communicate with, and attempt to organize and represent, the*
38 *applicant’s employees.*

39 (d)

(c) “Marijuana” means all parts of the plant *Cannabis sativa* L. *sativa*, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Marijuana” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. “Marijuana” also means marijuana, as defined by Section 11018.

~~(e) “Labor peace agreement” means an agreement between an entity and a bona fide labor organization that, at a minimum, protects the state’s proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the applicant’s business. This agreement means that the applicant has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the applicant’s employees.~~

(d) “Office” means the Office of Medical Marijuana Regulation in the Business, Consumer Affairs, and Housing Agency.

~~(f)~~

(e) “Representative samples” means samples taken from each batch or shipment of medical marijuana received from a licensed cultivation site or any other source if intended for sale.

~~111659. The bureau, by July 1, 2017, shall accomplish both of the following:~~

~~(a) Establish quality assurance protocols to ensure uniform testing standards for all medical marijuana sold via dispensaries or other facilities, or cultivated or manufactured by facilities, that are issued a conditional license pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code.~~

~~(b) In consultation with outside entities at its discretion, develop a list of certified testing laboratories that can perform uniform testing in compliance with this article, and post that list on its Internet Web site.~~

1 111659. *On or before July 1, 2017, the office shall report to*
2 *the Legislature on the feasibility of developing a program to certify*
3 *laboratories for the testing of medical marijuana and related*
4 *products and the feasibility of developing a labeling requirement*
5 *for edible marijuana products that incorporates information on*
6 *the cannabinoid content.*

7 111660. (a) A facility issued a conditional license pursuant to
8 Part 5 (commencing with Section 18100) of Division 7 of the
9 Business and Professions Code shall bear the responsibility for
10 ~~contracting with certified testing laboratories for regular, systematic~~
11 ~~testing of representative samples of all medical marijuana cultivated~~
12 ~~or intended for sale or distribution, and shall bear the cost of that~~
13 ~~testing, both of the following:~~

14 ~~(b) A facility issued a conditional license pursuant to Part 5~~
15 ~~(commencing with Section 18100) of Division 7 of the Business~~
16 ~~and Professions Code shall maintain records of testing reports for~~
17 ~~seven years, either on site in a digital format or at a secure offsite~~
18 ~~location in either digital or paper format. These facilities shall~~
19 ~~provide results of test reports to local code enforcement officers,~~
20 ~~any other locally designated enforcement entity, and the bureau~~
21 ~~upon request.~~

22 ~~(1) Maintaining supplier information in order for recall~~
23 ~~procedures to be implemented, if and when necessary.~~

24 ~~(2) Labeling of all medical marijuana and medical marijuana~~
25 ~~products that shall, at a minimum, include the following:~~

26 ~~(A) List of pharmacologically active ingredients, including, but~~
27 ~~not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)~~
28 ~~content, clear recommended dosage, and the size or volume of the~~
29 ~~recommended dose.~~

30 ~~(B) Clear indication, in bold font, that the product contains~~
31 ~~medical marijuana.~~

32 ~~(C) The statement “FOR MEDICAL USE ONLY. KEEP OUT~~
33 ~~OF REACH OF CHILDREN AND ANIMALS” in bold print.~~

34 ~~(D) Identification of the source and date of cultivation and~~
35 ~~manufacture.~~

36 ~~(E) The name and location of the dispensary providing the~~
37 ~~product.~~

38 ~~(F) The date of sale.~~

39 ~~(G) Any other requirements set by the office.~~

1 ~~111661. Quality assurance protocols shall be required between~~
2 ~~all licensed cultivation sites, licensed manufacturers, and licensed~~
3 ~~dispensing facilities to guarantee safe and reliable medicinal~~
4 ~~marijuana delivery to all patients. These quality assurance protocols~~
5 ~~shall include:~~

6 ~~(a) Providing supplier information to dispensaries in order for~~
7 ~~recall procedures to be implemented, if and when necessary.~~

8 ~~(b) Safety testing of all medical marijuana prior to packaging~~
9 ~~for sale and patient exposure to identify and eliminate~~
10 ~~microbiological contaminants and chemical residue.~~

11 ~~(c) Labeling of all medical marijuana and medical marijuana~~
12 ~~products that shall, at a minimum, include the following:~~

13 ~~(1) List of pharmacologically active ingredients, including, but~~
14 ~~not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)~~
15 ~~content, clear recommended dosage, and the size or volume of the~~
16 ~~recommended dose.~~

17 ~~(2) Clear indication, in bold font, that the product contains~~
18 ~~medical marijuana.~~

19 ~~(3) The statement “FOR MEDICAL USE ONLY. KEEP OUT~~
20 ~~OF REACH OF CHILDREN AND ANIMALS” in bold print.~~

21 ~~(4) Identification of the source and date of cultivation and~~
22 ~~manufacture.~~

23 ~~(5) The name and location of the dispensary providing the~~
24 ~~product.~~

25 ~~(6) The date of sale.~~

26 ~~(7) Any other requirements set by the bureau.~~

27 ~~111662. For purposes of this article, edible medical marijuana~~
28 ~~products are deemed to be unadulterated food products. In addition~~
29 ~~to the quality assurance standards provided in Section 111661, all~~
30 ~~edible medical marijuana products shall comply with the following~~
31 ~~requirements:~~

32 ~~(a) Baked edible medical marijuana products, including, but not~~
33 ~~limited to, brownies, bars, cookies, and cakes, tinctures, and other~~
34 ~~edible medical marijuana products that do not require refrigeration~~
35 ~~or hot holding may be manufactured, sold, or otherwise distributed~~
36 ~~at facilities issued a conditional license pursuant to Part 5~~
37 ~~(commencing with Section 18100) of Division 7 of the Business~~
38 ~~and Professions Code.~~

39 ~~(b) A facility issued a conditional license pursuant to Part 5~~
40 ~~(commencing with Section 18100) of Division 7 of the Business~~

1 and Professions Code shall have an owner or employee who has
2 successfully passed an approved and accredited food safety
3 certification examination as specified in Sections 113947.1,
4 113947.2, and 113947.3 prior to selling, manufacturing, or
5 distributing edible medical marijuana products requiring
6 refrigeration or hot holding.

7 (c) Individuals manufacturing or selling edible medical
8 marijuana products shall thoroughly wash their hands before
9 commencing production and before handling finished edible
10 medical marijuana products.

11 (d) All edible medical marijuana products sold for direct
12 consumption and infused with marijuana concentrate shall be
13 individually wrapped at the original point of preparation. ~~The~~
14 ~~products shall be packaged in a fashion that does not exceed a~~
15 ~~single dosage for one individual.~~

16 (e) Products containing tetrahydrocannabinol (THC) shall be
17 prepared in compliance with maximum potency standards for THC
18 and THC concentrates set forth in the bureau's regulations.

19 (f) Prior to sale or distribution at a licensed dispensing facility,
20 edible medical marijuana products shall be labeled and in an
21 opaque and tamper evident package. Labels and packages of edible
22 medical marijuana products shall meet the following requirements:

23 (1) Edible medical marijuana packages and labels shall not be
24 made to be attractive to children.

25 (2) All edible medical marijuana product labels shall include
26 the following information, prominently displayed and in a clear
27 and legible font:

28 (A) Manufacture date and source.

29 (B) The statement "KEEP OUT OF REACH OF CHILDREN
30 AND ANIMALS" in bold print.

31 (C) The statement "FOR MEDICAL USE ONLY."

32 (D) Net weight of medical marijuana in package.

33 (E) A warning if nuts or other known allergens are used and
34 shall include the total weight, in ounces or grams, of medical
35 marijuana in the package.

36 (F) List of pharmacologically active ingredients, including, but
37 not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)
38 content, clear recommended dosage, and the size or volume of
39 recommended dose.

40 (G) Any other requirement set by the ~~bureau~~ *office*.

1 (g) Photos or images of food are not allowed on edible medical
2 marijuana product packages or labels.

3 (h) Only generic food names may be used to describe edible
4 medical marijuana products.

5 SEC. 9. On or before July 1, 2016, the State Board of
6 Equalization shall compile a report on the estimated tax collected
7 on the sale of medical marijuana, using the most current data
8 available. The report should also include expected tax revenues,
9 under the existing tax structure, for the years 2016 to 2021,
10 inclusive. This report shall be submitted to the Legislature and the
11 Governor's office pursuant to Section 9795 of the Government
12 Code.

13 SEC. 10. The provisions of this act are severable. If any
14 provision of this act or its application is held invalid, that invalidity
15 shall not affect other provisions or applications that can be given
16 effect without the invalid provision or application.

17 SEC. 11. The Legislature finds and declares that Section 5 of
18 this act imposes a limitation on the public's right of access to the
19 meetings of public bodies or the writings of public officials and
20 agencies within the meaning of Section 3 of Article I of the
21 California Constitution. Pursuant to that constitutional provision,
22 the Legislature makes the following findings to demonstrate the
23 interest protected by this limitation and the need for protecting
24 that interest:

25 The limitation imposed under this act is necessary for purposes
26 of compliance with the federal Health Insurance Portability and
27 Accountability Act of 1996 (42 U.S.C. Sec. 1320d et seq.), the
28 Confidentiality of Medical Information Act (Part 2.6 (commencing
29 with Section 56) of Division 1 of the Civil Code), and the Insurance
30 Information and Privacy Protection Act (Article 6.6 (commencing
31 with Section 791) of Part 2 of Division 1 of the Insurance Code).

32 SEC. 12. No reimbursement is required by this act pursuant to
33 Section 6 of Article XIII B of the California Constitution because
34 the only costs that may be incurred by a local agency or school
35 district will be incurred because this act creates a new crime or
36 infraction, eliminates a crime or infraction, or changes the penalty
37 for a crime or infraction, within the meaning of Section 17556 of
38 the Government Code, or changes the definition of a crime within
39 the meaning of Section 6 of Article XIII B of the California
40 Constitution.

1 *SEC. 13. The amendments made to Section 11362.775 of the*
2 *Health and Safety Code by this act shall become operative on July*
3 *1, 2017.*

O